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EXCOM 83-015
9 November 1983

MEMORANDUM FOR: Executive Committee Members
FROM: Executive Assistant to the Executive Director
SUBJECT: Agenda for 18 November 1983 Executive Committee Meeting: Long-Range Planning: [redacted] 25X1
[redacted] (2) External Analysis Study 25X1

An Executive Committee Meeting to discuss the Emplaced Sensor Study and the External Analysis Study is scheduled for Friday, 18 November, at 1600-1700 hours in the DCI Conference Room. Attached for your review is a paper prepared by the DI on external analysis. [redacted] 25X1

Attachment:
As stated

cc: Inspector General
Comptroller
EA/DDCI
Chief, Planning Staff

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**THE CIA EXTERNAL ANALYSIS PROGRAM:
A RATIONALE AND A REVIEW**

- Executive Summary -



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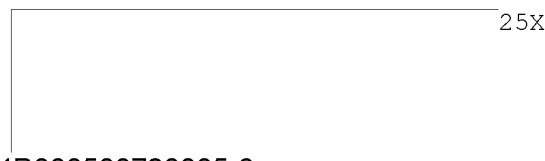
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**DDI Planning and
Management Staff**

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Executive Summary

This paper presents the results of an in-depth review of the CIA External Analysis Program. It addresses the rationale for having this Program and for its apparent growth in recent years. It delineates the roles and responsibilities of the many organizational elements involved and identifies minor problems associated with administration of the Program. More importantly, this paper addresses specific aspects of the External Analysis Program that are in need of some management attention or procedural changes. Finally, this paper provides a response to Congressional criticism concerning use of external analysis by the Intelligence Community, to the extent that it might be applicable to the CIA Program.

Principal Findings

Based on information acquired from well over 100 personal interviews with CIA analysts, managers, and staff officers over a five-month period, we have the following findings to report:

1. There is a sound rationale for the External Analysis Program. In essence, it complements our internal analytic capability by providing: expertise in a particular area or discipline; access to sources or capabilities that we do not have; or additional manpower that happens to be needed for a certain task or for a short time.

2. Contrary to popular perceptions about the funding of CIA external analysis, the Program is currently in a recovery mode rather than being in a period of continuing growth. It is now clear that the Agency actually suffered a significant drop, in terms of constant dollars, in its external analysis capability during the FY 1979-82 period. (See Figure 1)

3. Real growth in external analysis over the next two years appears to be justified because of the need to:

- a. Remedy the combined effect of past austerity programs and high inflation;
- b. Meet rising demands from intelligence consumers for coverage of new topics of concern and for improved quality and timeliness; and
- c. Take advantage of enhanced intelligence collection capabilities.

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4. An earlier concept--that, as the Agency received and filled more analyst positions, the need for external analysis would gradually diminish--has proved to be a fallacy. Growing consumer demands and enhanced collection capabilities meanwhile have magnified the combined workload of our analysts and contractors.

5. The Agency is especially dependent on its External Analysis Program at the present time because of the time lag in developing skilled analysts. Approximately 30 percent of our analysts are still within their three-year probationary period of employment with CIA. Indeed, some 50 percent of the DI analytical corps has five years or less of Agency experience.

6. The more than 100 Contracting Officer's Technical Representatives (COTRs) in the Directorate of Intelligence (DI), as a group, seem to be avidly interested in their external analysis projects and serious about getting useful results for the monies invested. But some are inexperienced and many are uncomfortable with the amount of training they have received. COTR training needs to be strengthened, regularized, and tailored to DDI projects. (Recommendation No. 1)

7. The DDI Contract Team has proved to be a highly effective mechanism for the procurement of external analysis; but the team will require some augmentation to keep pace with planned expansion in the Program in FY 1984. (Recommendation No. 2)

8. Increased attention is needed by some DDI components to the completion of COTR inspection reports, the monitoring also of non-commercial contracts, and to the evaluation of results from external analysis projects. (Recommendations No. 3 and No. 8).

9. Participants in the DDI Quarterly Contract Review agree on the need for a mechanism to provide directorate-level guidance and oversight to the External Analysis Program, but a number of problems with the current approach were surfaced. Opinions differ on what changes are needed, however, and all of these were considered in arriving at a recommended approach for the DI. (Recommendations No. 4 through No. 9)

10. Closer integration of external analysis with in-house analytic research is needed. Examples of some progress in this area are cited in this report. Plans by the Product Evaluation Staff to convert from a calendar-year to fiscal-year cycle for production of the DDI Research Program by FY 1985 should facilitate office efforts toward this integration.

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12. Concrete examples of CIA coordination, communication, and cooperation with other members of the Intelligence Community were found to be numerous and varied from professional, working-level contacts to more formal mechanisms. Notable progress also has been made by the Intelligence Producers Council (IPC) in recent months to establish a mechanism for the exchange of information on external analysis contracts. But the Agency lacks a comprehensive data base for tracking all active external analysis contracts, for monitoring multiyear projects, or for retrieving historical data on the Program. Such a data base is needed for internal management as well as to fulfill the commitment made through the IPC to share such information with other producers of intelligence. (Recommendation No. 10)

Recommendations

Recommendation No. 1: That the DDI establish a systematic training program for COTRs, with emphasis on the various types of external research and analysis contracts being conducted by the Directorate of Intelligence.

Recommendation No. 2: That the DDI request that the Director of Logistics assign a fourth contract officer to the DDI Contract Team beginning in FY 1984.

Recommendation No. 3: That a DDI Notice on the subjects of COTR inspection reports and the need to monitor non-commercial contracts be approved by the DDI for circulation to all DDI components.

Recommendation No. 4: That the threshold for contract proposals that have to be approved by the A/DDI before funds can be committed be raised from the current level of \$25,000 to \$50,000.

Recommendation No. 5: That the A/DDI continue to review office proposals for external analysis on a quarterly basis but rely more on staff support for advice in making routine funding decisions than on formal meetings. (This would mean that a formal meeting of the A/DDI with office directors to review contract proposals would be called only when actually necessary -- i.e., during the first quarter of the year and on an ad hoc basis when and if major interoffice or Directorate problems arise. Individual office issues could be taken up during routine bilateral meetings that the DDI and A/DDI have with each office on a biweekly basis.)

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Recommendation No. 6: That a full-time External Analysis Coordinator position be established within the DDI Planning and Management Staff as the focal point for coordination of the DDI External Analysis Program.

Recommendation No. 7: That the DDI require individual office directors to personally approve (i.e., sign off on) all proposed projects from their respective offices. (While this responsibility generally is understood, it may be worthwhile reaffirming in view of the above-recommended changes in the quarterly review process.)

Recommendation No. 8: That the DDI request each office director to state by 1 October 1983 what mechanisms or procedures will be employed, starting in FY 1984, to critique the results of external research and analysis projects in his/her office and report fully and candidly the results of such reviews annually to the A/DDI.

Recommendation No. 9: That the DDI establish 1 August as the annual deadline for external analysis projects to be initiated (i.e., funds committed or RFPs sent out). Funds for projects not initiated by that date would revert to the control of the A/DDI, who would then consider new proposals for using these funds, from any DDI office having unfunded requirements or new initiatives that it wishes to pursue.

Recommendation No. 10: That the DDI authorize the Planning and Management Staff to investigate the feasibility of developing an on-line data base of external research and analysis information.

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